



**Community
Services
Department**
Connecting People to Opportunities

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February 6, 2020

**STAFF REPORT
TO THE CAPITAL LOAN COMMITTEE**

For the meeting of:

Date: February 13, 2020

Time: 2:00 – 4:00 P.M

Location: 706 Laguna St., Santa Barbara, CA

BY: Carlos Jimenez, Housing Program Specialist
Laurie Baker, Grants and Program Manager
Division of Housing and Community Development (HCD)

RE: 2020-21 Community Development Block Grant (CDBG) funding recommendations

This staff report provides information regarding Community Development Block Grant (CDBG) Capital and Economic Development applications received by Santa Barbara County in response to a Notice of Funding Availability (NOFA), issued November 8, 2019.

The County's Capital Loan Committee makes funding recommendations to the County Board of Supervisors for capital and other eligible programs under the federal CDBG, HOME Investment Partnerships (HOME), and County and State funding programs. This report is for the review of applications utilizing CDBG funds for capital, housing rehabilitation, and economic development projects. Applications received under the CDBG program for public services, are reviewed by the County's Human Services Commission's Allocation Committee. A separate report to the Capital Loan Committee also is being presented to the Committee today for housing development projects being considered for funds other than CDBG.

Background:

The County of Santa Barbara is the lead entity of the CDBG Urban County partnership. The Urban County is comprised of the County, and the cities of Buellton, Carpinteria, and Solvang. The Urban County receives an annual allocation of federal CDBG funds to provide grants and loans to support a variety of community projects and programs. Twenty-percent (20%) of the funds are used by the County to cover the administration of the CDBG program and up to 15% may be used to support public services operated by non-profit organizations. The remaining funds may be used for other eligible activities, including rehabilitation of public and non-profit facilities, infrastructure improvements, economic development and other eligible activities. Each member of the Urban County partnership receives a percentage of the allocation, based on population, poverty and overcrowding data provided by the Census Bureau.

FY 2020-21 NOFA:

The County's Department of Community Services, Division of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) on November 8, 2019, to solicit applications for awards of CDBG and other funds for fiscal year 2020-2021, which begins July 1, 2020. The CDBG

allocation for FY 2020-21 is estimated based on the prior year allocation. HUD will announce the actual allocation amount on or about March 2020.

Available Funds

The partner cities may identify qualifying projects in their respective communities to fund with their sub-allocations, or distributions, of CDBG. The cities of Buellton, Carpinteria and Solvang did not identify eligible projects in their communities that could use FY 2020-21 CDBG funds for capital projects; therefore, to comply with the CDBG expenditure requirements, those funds were added to the County’s distribution and will be awarded to eligible projects through the County’s application process. The charts below show the estimated FY 2020 CDBG allocation and the distribution of funds. In addition, any unawarded or unexpended funds from prior years are included in the calculation of available funds.

Est. CDBG Allocation	\$ 1,206,226
Administration (20%)	\$ 241,245
Public Services (15%)	\$ 180,933
Capital and other	\$ 784,048

Jurisdiction	Public Services	Capital/ Other
Santa Barbara County - unincorp.	\$154,191	\$668,166
City of Buellton	5,573	24,149
City of Carpinteria	15,017	65,076
City of Solvang	6,152	26,658
Total	\$180,933	\$784,048

Plus prior year funds available	\$621,616
Total available for funding awards	\$1,405,664

In the event that the County’s FY 2020-21 allocation is less than projected, one or more projects may receive reductions to their awards at the discretion of the County.

Capital Loan Committee:

HCD staff reviewed each application and is providing its funding recommendations to the CLC. The agenda, with the date and time of the meeting, was posted at least 72 hours in advance of the meeting on public bulletin boards located at the County Administration buildings in both north County and south County. In addition, the agenda and meeting materials were posted on HCD’s website at countyofsb.org/housing/.

Applicants may attend the public meeting to hear the staff report and be available to answer questions of Committee members. The Committee may concur with staff recommendations or suggest an alternate funding scenario. The recommendations by staff and the Committee will be included in the 2020-21 Action Plan and presented to the County Board of Supervisors (BOS) for approval at a public

hearing, tentatively scheduled for April 7, 2020. County HCD will publish a notice and provide a 30-day public comment period, as required by HUD, and the Board hearing agenda and meeting materials will be made public per the County Clerk of the Board process. Board meeting information may be found at www.countyofsb.org/.

Application Review

HCD staff first screened applications for the following criteria:

1. CDBG Eligibility
 - a. Meets a HUD National Objective
 - b. The proposed project is a CDBG qualifying activity
 - c. Proposed costs to be reimbursed with CDBG funds are eligible
2. Meets a County Consolidated Plan Priority¹ (High or Low)
3. HUD has not listed the organization on its excluded parties list
4. Met performance goals and outcomes, and was compliant with CDBG regulations and reporting requirements (applicants funded with CDBG in the prior fiscal year)
5. Review of organizations' financial statements for financial risk, based on an analysis of:
 - a. Comparison of income to expenses
 - b. Liquidity/cash on hand
 - c. Debt obligations
 - d. Revenue dependency on government funds

Staff also took into consideration HUD expenditure requirements, ensuring that the County expends CDBG funds in a timely manner. Therefore, projects that can be completed in short duration were prioritized. A few of the criteria used to evaluate project readiness include:

- Amount of request and detailed budget
- Project type and complexity
- Project timeline
- Status of site control, financing commitments, and engineering and architectural plans; appropriate zoning and permit readiness
- Type of environmental review required (historic buildings add a minimum of 30 days for historic review)
- Relocation requirements, if any
- Applicant capacity

Other considerations may include:

- Community need and highest and best use of public funds
- HCD staff capacity to adequately manage the number of contracts awarded
- Monitoring responsibilities by the County relative to the public benefit achieved

¹ Consolidated Plan Priorities include funding critical community facilities, removing architectural barriers to people with mobility impairments, maintaining or upgrading existing low-income affordable housing stock, improving the physical character of neighborhoods, including complete streets, parks, and other public spaces, and expanding the supply of permanent supportive housing and Single-Room Occupancy (SRO) units to address the needs of the homeless, households at imminent risk of becoming homeless and/or special needs clients.

Project Evaluation:

HCD received the following number of applications by type requesting CDBG funds:

CDBG: Capital Projects	7
CDBG: Assistance to Micro-Enterprise Businesses	2

Below is a summary of each application received and reviewed.

CDBG CAPITAL PROJECT APPLICATIONS

1. Cachuma Lake Marina Restroom ADA Access and Improvements – County, Community Services Department, Parks Division

Requested: \$330,000

Staff recommendation: \$281,223

Project Description: Construction of a new ADA access ramp and re-construction of doorways to the existing restroom at the Cachuma Lake Marina area.

Strengths: Project provides for increased accessibility to a county recreational facility that is used by approximately 400,000 members of the general public on an annual basis, of which 96% of the its annual visitors are California residents. The 9,000-acre facility provides overnight camping opportunities for small and large groups among other activities. As Cachuma Lake’s Marina is a major focal point of the overall facility, this restroom is the only one serving this area, and is proximate to the Marina Café, Bait and Tackle Shop, the main boat launch area and the Marina’s parking lot. Presently, the interior of the existing restroom facilities is being upgraded to meet prevailing ADA Standards. The CDBG funds would cover the exterior work.

Project Sponsor Capacity: Strong experience with capital project management as well as CDBG administrative and regulatory requirements.

Concerns: As staff is recommending that the Capital Loan Committee consider allocating \$281,223 in available CDBG funds to this project, this amount is \$48,777 (roughly 15%) less than Project Sponsor’s request. With CDBG representing the sole funding financial resource for the project, we consulted with the applicant on the availability of other funds to complete the project. The applicant responded that they have identified other sources to address the funding gap.

2. Lompoc Safe Haven, Good Samaritan Shelter

Requested: \$450,000

Staff Recommendation: \$450,000

Project Description: Good Samaritan Shelter proposes to acquire an existing three-bedroom single-family residence at a confidential location for an estimated price of \$355,000. Funds remaining after

acquisition will be allocated to property improvements and related work to inform project operations and management. The residence is currently under ownership of Domestic Violence Solutions (DVS), and the home had served prior as an emergency shelter for victims of domestic violence. Good Sam's application indicates that, resulting from a "minimal number of referrals, DVS is developing an outreach model...and partnering with Good Sam." The project will continue to address domestic violence by providing transitional housing with supportive services specifically for female victims of human trafficking.

Strengths: The DVS/Good Sam partnership addresses an emerging issue and growing need in Santa Barbara County and indeed, statewide and nationally. Currently, Good Sam operates a similar housing model in a confidential location. This is one of the only programs countywide providing resources in this regard. Strict confidentiality is of principal importance in such programs in order to protect affected women. The transitional nature of the program provides a confidential residential setting for up to two (2) years, while being providing resources and supportive services enabling women to move forward with potential employment and permanent housing opportunities. As Good Sam's second facility of this nature in its portfolio, it would allow for potential re-location to a second secure facility for affected trafficking victims in the event of traffickers seeking identification and location of them.

Additional considerations: Strong agency history, capacity and experience in program and asset management with various local, state and federal funding resources as well as in serving vulnerable populations.

Concerns: None identified.

3. PATH Santa Barbara, Phase II Emergency Shelter Rehab, 816 Cacique St., Santa Barbara

Requested: \$263,932

Staff Recommendation: \$263,932

Project Description: People Assisting the Homeless, PATH, Phase II Emergency Shelter rehabilitation and improvement work scope encompasses: a) improvements to the facilities' upstairs bathrooms incorporating ADA-compliant sinks, toilet partitions, showers, and fixtures; b) replacing damaged drywall, including refinishing work; c) new paint and flooring on the building's first floor to match new paint and flooring which will be installed within the next few months on the building's second floor.

Strengths: Project serves a presumptive/qualifying population under CDBG: homeless persons. PATH has a strong track record and agency capacity in providing programs, services and resources to address client needs. Project Sponsor owns the structure and it is highly likely that existing resources and services will continue beyond the 5-year use requirement under CDBG. In this context, investing in improvement work that sustains and improves the facility is warranted, particularly given high utilization.

Concerns: None identified

4. Cuyama Valley Recreation District (CVRD), Concession Stand/Restrooms

Requested: \$58,485

Staff Recommendation: \$58,485

Project Description: CVRD is the sole provider of recreational and related programming opportunities to the greater Cuyama Valley in rural Santa Barbara County and encompasses an area within three communities identified as “disadvantaged.” The 13-acre community park, which also serves as a facility supporting local high school sports programming, currently has no permanent restroom and concession facilities. Residents attending local events, must walk to adjacent facilities or return home to use their own restrooms. The purchase and placement of a permanent modular concession stand/restroom facility will address this issue. The amount requested supplements existing CDBG resources in the amount of \$253,978 having been committed in the 2017-18 County NOFA. The overall total project budget is therefore, \$312,463.

In 2017-18 the county awarded a total of \$341,000 in CDBG funds to CVRD for installation of a Skate Park/Ramp and purchase, installation and placement of a modular concessions stand /restrooms. Of the \$341,000 budget that had been allocated, \$87,017 has been expended for the skate park/ramp facility, leaving a remaining balance of \$253,982 which remains committed to CVRD for the concession stand and restrooms. However, the remaining funds are insufficient to complete the project.

Strengths: New Cuyama, as a disadvantaged, rural community represents an area clearly qualifying for CDBG assistance. Community facilities are an important component of providing places, services and programming to residents. Non-profit presence in these areas is limited resulting from distance, among other considerations; therefore, investment of federal funding for this purpose is consistent with and in alignment with the intent and purpose of CDBG funding. Santa Barbara County is also investing in other areas adjacent to and associated with this community space, currently planning to provide improved park and open space, trails, landscaping and trees, as well as economic development and related resources.

Concerns: It became apparent to HCD staff that the project needed greater coordination, time, and resources, to be completed. The only CVRD staff person works part-time, two (2) days per week at CVRD and also works at the local school and operates a local farm. HCD enlisted the assistance of a qualified project manager who reviewed the budget and recommended adding the additional funds. The project manager will stay onboard to supervise the implementation and completion of the project.

With a dedicated project management consultant under contract and a revised project budget for the concession stand and restrooms, staff is confident that this project will move forward timely.

5. Santa Maria Emergency Shelter Flooring Replacement, Good Samaritan Shelter

Requested: \$57,750

Staff Recommendation: \$57,750

Project Description: Good Samaritan Shelter is requesting \$57,750 in CDBG funds to replace existing flooring at its Santa Maria Emergency Shelter located at 401 West Morrison Avenue in the City of Santa Maria. The new flooring will provide greater durability and be more resistant to wear-and-tear resulting from ongoing and continued intensity of use at this north county emergency shelter.

Strengths: As homelessness is a critical issue across the county, state and nationally, providing a base of resources to address this is a critical element of the Continuum of Care model. As availability of emergency shelter beds are the first component of a continuum's resources to engage and assist homeless persons, maintaining and insuring the integrity and longevity of these highly-utilized capital resources addressing homelessness is of highest importance. The requested amount is modest and insures that ongoing capital needs of the shelter are being addressed.

Concerns: None identified.

6. Eastside Neighborhood Clinic: Parking Lot Project

Requested: \$65,000

Staff Recommendation: \$65,000

Project Description: Replacement/Resurfacing of Neighborhood Clinic Parking Lot. The clinic's parking lot has not been replaced and re-surfaced since the Neighborhood Clinic building was acquired in 2002. The parking lot is uneven and there is a need to address issue with the designated ADA parking space in terms of meeting current ADA slope standards. The Eastside Neighborhood Clinic proposes to use CDBG funds to conduct all parking lot improvement work and the project budget includes costs related to engaging an architect and payment of related permitting fees. The clinic is expanding its service area to Isla Vista and Goleta.

Strengths: Project provides a critical, neighborhood-based, health care resources for underserved, low-income members that may not be able to avail these services in other medical settings. Maintaining accessibility to these resources is important to ongoing operations; project addresses conceivable risk associated with trips and falls resulting from current condition.

Concerns: None identified.

7. Habitat for Humanity, Home Repair Program for Low-Income Homeowners

Requested: \$30,274

Staff Recommendation: \$30,274

Project Description: Habitat for Humanity is requesting \$30,274 in CDBG funds to implement and administer a Home Repair Program for Low-Income Homeowners. Habitat Santa Barbara will provide a minimum of five (5) home repairs for low/mod income homeowners in need of assistance in maintaining a safe and affordable place to live. Housing repair assistance will depend upon the needs of each individual home and owner, but can include: aging-in-place modifications, accessibility improvements, weatherization repairs, kitchen and bathroom repair, as needed. Funds are provided as grants to the homeowners.

Strengths: Agency has a strong track record in providing housing-related programs and services principally benefitting low-income households.

Habitat has identified a growing need for affordable home repairs and to assist senior low-income homeowners to maintain their housing and prevent potential homelessness. It launched a home repair program in 2011 to assist low-income households unable to perform the necessary home repairs to remain in their homes. Habitat serves families with a total income below 80% AMI. The majority of applicants are low-income seniors or individuals with disabilities living on an average income of \$19,000 per year. Habitat currently operates "A Brush with Kindness" home repair program (external home repairs) and "Critical Home Repair" home repair program (larger kitchen and bathroom accessibility modifications, partial or larger-home repairs in critical need areas requiring permits).

Concerns: None identified.

CDBG - ASSISTANCE TO MICRO-ENTERPRISE BUSINESSES

8. Women's Economic Ventures- Women's Self Employment Program- \$75,000

Requested: \$75,000

Staff Recommendation: \$75,000

Program Description: Provides Self-Employment Training and technical assistance to primarily low-income women who own or have an interest in starting micro-enterprise businesses. The term "microenterprise" means a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise. Although not a capital project, the CDBG regulations allow that funds provided for assistance to micro-enterprise businesses not be subject to the fifteen-percent (15%) cap on public services. The County Board of Supervisors directed that the request for funding be considered by the Capital Loan Committee.

WEV submitted an application for \$75,000 to provide technical assistance and training to existing and proposed owners of micro-economic enterprises.

Strengths: WEV is one of few, if not the only, non-profit currently providing services related to economic development, specifically, micro enterprise and small business support and development. Its structured programming is well-developed and has resulted in many small entrepreneurial

endeavors becoming viable business operations. As an ongoing program, this funding will continue to provide a valuable resource for low-income members of the community seeking opportunities for increased self-sufficiency through small business ownership.

Concerns: None identified.

9. Good Samaritan Shelter: Homeless Food/Culinary Employment Training Program

Requested: \$363,132

Staff Recommendation: \$124,000

Program Description: Good Samaritan Shelter is proposing a Culinary Training Program that will provide job training and employment opportunities to residents of Emergency Shelters for homeless persons. The program will consist of a 2-4 week job training program, with potential self-employment opportunities for its graduates.

GSS is proposing to hire a Culinary Program Coordinator who will provide both classroom and hands-on job training for program participants. One focus of the program will be for participants to create individual and unique food recipes and products for production, sale and distribution at local Farmer's Markets and other community outlets.

Strengths: Currently, very few program resources are dedicated to providing job skills and employment training opportunities for homeless persons. This project proposes to provide this while promoting increased self-sufficiency and generating income sources for homeless persons. Good Sam presently has two (2) commercial-quality kitchens, one each in Lompoc and Santa Maria and these resources will be enabled for the program. As this is a new program being proposed, Good Sam has indicated that other resources and support from the greater community will also be sought out for potential collaboration and resource leveraging; however, Good Sam proposes to train 20 homeless persons in the culinary arts with the County CDBG alone.

Concerns: Good Sam had initially proposed a project with a different scope and budget than what is recommended for funding presently. The initial project budget was in the amount of \$363,132 and included purchase of a Food Truck that would allow food prepared by program participants to be marketed and sold in this fashion. Since this a new program, HCD staff discussed the challenges of ramp-up and implementation in the first year and Good Sam agreed to modify the program to reduce the scope and budget to provide training and marketing of culinary products only in year one. Meanwhile, Good Sam will solicit funds to purchase a food truck to expand the program in year two.

HCD STAFF FUNDING RECOMMENDATIONS:

Organization & Project Title	Requested Amount	Recommended Funding Amount	County or Non-Profit	Location
COSB Community Services Department, Parks Division – Cachuma Lake restroom improvements	330,000	281,223	County	Santa Barbara
Good Samaritan Shelter, Safe Haven Project	450,000	450,000	Non-Profit	Confidential
PATH, Emergency Shelter Rehabilitation Phase II	263,932	263,932	Non-Profit	Santa Barbara
Cuyama Valley Recreation District, Modular Concession Stand/Restrooms	58,485	58,485	County (Special District)	Solvang
Good Samaritan Shelter, Santa Maria Emergency Shelter Flooring Replacement	57,750	57,750	Non-Profit	Santa Maria
Eastside Neighborhood Clinic	65,000	65,000	Non-Profit	Santa Barbara
Habitat for Humanity, Low-Income Homeowner Repair Program	30,274	30,274	Non-Profit	South County
WEV	75,000	75,000	Non-Profit (non-capital)	Countywide
Good Samaritan Shelter, Food Truck Micro-Enterprise Project	363,132	124,000	Non-Profit (non-capital)	Santa Maria

TOTAL RECOMMENDED FUNDS

1,405,664

In the event that the County’s FY 2020-21 allocation is less than projected, one or more projects may receive reductions to their award, provided the project will still be completed, at the discretion of the County.

The above recommended funding levels would commit all available CDBG Capital funds at this time.

cc: Dinah Lockhart, Deputy Director Housing and Community Development
 George Chapjian, Community Services Director